

In its beginning were see

THINKING MACHINES

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CBS chief.

While Handler presided over profligate spending, Hillis was the computer world's version of a speed freak, critics say. Buyers were asking for smaller, more adaptable supercomputers, "but Danny just wanted to build the biggest machine in the known universe," says Robert E. Millstein, formerly a senior software designer at the company. "The company couldn't survive like that."

"I kind of liken it to the moon-shot, what NASA did," says Mark Miraglia, a former vice president for marketing. "Danny set out some goals that were exciting to think about and work against. But nobody routinely goes to the moon anymore. There's nothing in it."

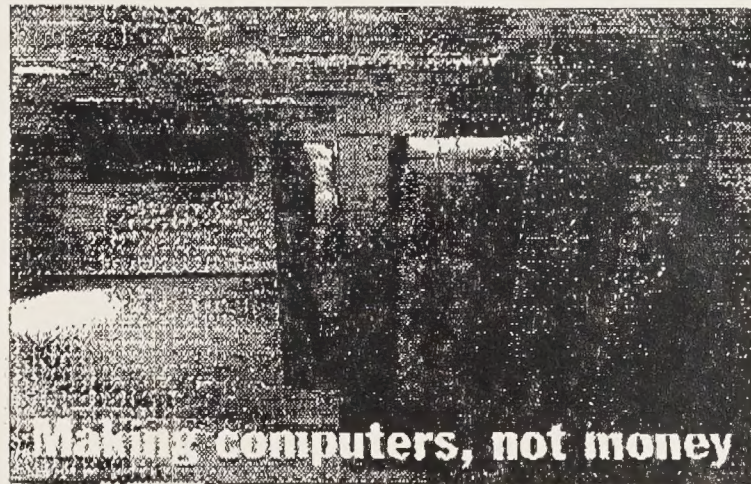
Yet many in the industry say Thinking Machines could have pulled through if Hillis, its chief scientist, and Handler, the president until last year and chairman until April, had not pulled in different directions. "It was a dysfunctional relationship at the top, and things just stopped because you had no leadership," says Debra Goldfarb, who follows the industry for International Data Corp. in Framingham.

Thinking Machines put Hillis, 37, in the pages of leading-edge high-tech magazines. Handler, 47, won a coveted invitation to the Clinton economic summit of 1992. Meanwhile, the company blew through \$120 million in capital during its life; in its two-profitable years, it earned just \$1.7 million.

"They used the company as a platform to see who could get the most prestige," says one employee who lost a job with the Chapter 11 filing, and who worked with many senior executives. "That was their crime. The technology was good. That's what makes people so angry."

A crisis looms

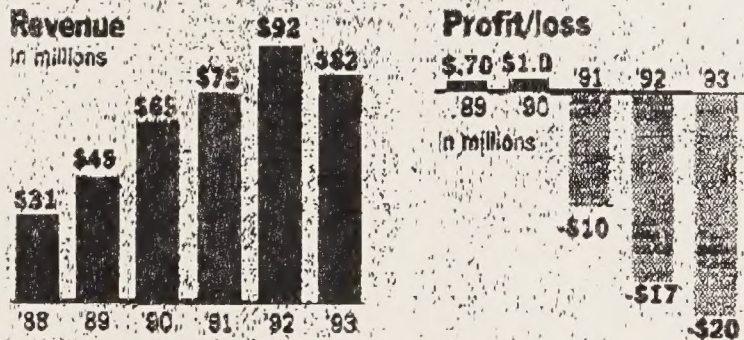
To outsiders, Danny Hillis was merely on sabbatical. After nine years with the company, he needed some time away. He would come back ... well, when he was ready.



Building computers, not money

GLOBE FILE PHOTO

Even as revenue grew, Thinking Machines never made more than \$1 million in a year.



SOURCE: Company officials

But back in Cambridge, in the winter of 1991, Thinking Machines was in hot water.

From a start-up in a Waltham house, Thinking Machines had grown to 440 employees and was nearing \$75 million in revenue. Its fast computers, called supercomputers, had become favorites of government and elite university scientists.

Now, Thinking Machines was staking its future on a new computer called the Connection Machine-5, and introducing the machine was not easy.

The CM-5 looked like a piece of art. A series of sleek black cabinets with blinking red lights, its designers included Maya Lin, who created the Vietnam Veterans Memorial in Washington. Inside, however, it lacked a critical component, a chip that boosted its processing speed. When Thinking Machines began selling the CM-5 in October 1991, some customers found it slow and

partly useless without the missing chip.

With the CM-5 in doubt, Hillis walked out.

Some employees saw it as a hostile act, with Handler as the target. For about six months, Hillis stayed at a research institute in Santa Fe while Thinking Machines worked to set the CM-5 right.

"He left town during a crisis," says John Mucci, a former vice president for sales and marketing. "Danny wanted Sheryl out, and he decided one way of getting her out was to cause a crisis. He left when the CM-5 was not finished. He was the principal architect of the whole machine."

"He told me, 'I'm going to get rid of her by causing a crisis,'" Mucci says.

Even before that winter, Handler seemed to be on her guard. Her cars are registered to the Thinking Machines corporate headquarters. Her \$1 million home, with its formal gardens and topiaries, is owned through

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Source: IDC

